



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

The Trade Agreement Between Employers and Employees

By JOHN P. FREY

Editor, International Molders' Journal

ARE agreements covering the terms of employment and conditions of labor which are entered into between employers and organized workmen, advantageous to the public, to the employer and to the wage-earner? An adequate reply to these questions would be advantageous to all, because the public at times fears that trade agreements of the character under consideration may result in an imposition of unjust prices. Some employers believe that their business could not be successfully conducted if such agreements were in existence, and there are wage-earners, who, having listened to the arguments of some schools of economic, social and industrial theory, believe that such agreements are disadvantageous to them, because, covering definite periods of time as they do, they prevent the workers from taking advantage of the fluctuations of supply and demand.

While joint conferences between employers and organized workmen, and the trade agreements which result, have been studied to some extent, the understanding and viewpoint of the large number towards the subject supplies quite convincing evidence that the subject is not thoroughly understood. This is partly due to the fact that a large number have been unable to grasp the simple truth that these conferences and agreements are nothing more nor less than the gradual application in industry of those same principles and methods of democracy which we all have adopted as citizens for regulating our civil relationships.

We regulate our relations internationally through treaties, which not only determine the obligations and the rules which the nations accept as the basis for their friendly relationship, but in addition, the rights and privileges of their respective citizens when coming into contact with each other. It is quite proper for us to ask whether the application and the operation of the principles and practices of democracy as we understand them in America, are more advantageous to the people than some more autocratic form of government.

We are compelled to recognize that our democratic institutions have so far failed to establish perfection; that the laws enacted are not always wise or advantageous to the public. The administration of the law is sometimes unsatisfactory, but do these facts weaken our faith in democracy or prompt us to seek some more autocratic form of legislation and administration?

In considering the question of trade agreements it must be borne in mind that the conditions which made trade agreements a possibility scarcely existed in America until after the Civil War. Previously our industries had been carried on upon a small scale. Production was in the hands of individuals instead of stock companies or corporations. The employer was personally acquainted with all of his employees. The majority of them were residents of the same community as the employer. Their ancestors lay buried in the same church yards, and though

industrial injustice existed during this period as it has since, the conditions which favored the development of trade agreements did not exist as they do at the present time.

There is one fact connected with our industries over which there is no difference of opinion. That industrial problems created through the relationship existing between employer and employee cause serious conflicts at times is, unfortunately, a fact. The problem is not confined to our country or to the western hemisphere, but exists throughout the civilized world. Since the War, the world has witnessed a revolution in Russia which is the outcome of the effort to apply new theories to the relationship of men to each other and to their government; an effort due as much to the industrial as to any other problem which had arisen in that country. Realizing the seriousness of the problem, and understanding some of its most prominent implications, various types of men with different solutions, have endeavored to supply a method by which the problem could be solved. We have witnessed the results of the method which was applied in Russia. In Australia and New Zealand the governments established compulsory arbitration through parliamentary decree, but, instead of solving the problem, it was only rendered more difficult of adjustment. In our own country, Kansas has made striking a crime, and, through vagrancy laws has made labor compulsory, and yet strikes involving more workmen than ever before have occurred since the industrial court law was enacted by that state.

TALKING IT OUT

When men were struggling to secure their liberties in Europe they tried two methods, "talking it out" and "fighting it out." As free speech was restricted and as there was no free

public press, most of the major problems of the people were solved by the latter method. The result of these conflicts was never as satisfactory as though the people had been able to confer through representatives and work out the solution of their problems through evolutionary methods. Taken from one angle there is a basic similarity between the efforts which men have made to establish their religious, their political, and their industrial liberty. No one today questions the individual's right to religious or political liberty and equality of rights, but, unfortunately, this same recognition is not extended to the relationship of employer and employee. So that in industry the period of "fighting it out" has not yet developed to that stage where all men recognize not only the advantage but the justice of talking it over, and "talking it out."

When trade agreements were first entered into it was because many had become wearied of endeavoring to "fight it out." Some had recognized the futility of that method, because wherever an industrial problem was decided by the gage of battle, the victors, with the smart of the conflict still stinging, and the elation of victory still influencing them, proved unable to deal wisely or justly with the vanquished. The spirit of retaliation invariably manifested itself. Strikes proved costly. Employers suffered heavy financial losses, and instead of devoting their energies to the upbuilding of their business they were compelled to apply all of their energies in an effort to defeat the strikers. Defeated strikers frequently lost their homes, and became wanderers from state to state. The loss of a strike was also frequently followed by the loss of a local union, to say nothing of the severe suffering caused to the strikers' wives and children. The winning of a strike too often left the em-

ployer sullen and vindictive, biding his time to retaliate. Where the employer combined with other employers so that their organized strength would be greater than that of the workers, the only result, in the passage of time, was more costly conflicts and larger numbers of men involved.

The governmental and legislative efforts which were made to solve the larger problems and adjust the smaller ones failed in their purpose; failed as completely as the spirit and the principles of Christianity failed to prevent the recent frightful war. So far, the only method which has tended greatly to reduce industrial conflicts, minimize strife, create a better understanding and indicate the methods by which problems of relationship between employer and employee can be solved, has been the method of joint conference and joint agreement. That this method if generally applied would solve the industrial problem would be expecting too much, because the problem is a changing one, due to the fact that our industries are undergoing rapid changes, and will undergo such changes for years to come. To expect that such agreements would wholly eliminate strife in the industrial world is to anticipate the humanly impossible, but treaties between nations, when based upon mutual justice, unquestionably limit wars and the preparation for wars.

The conferences between employers and organized employees, and the resultant agreements which may be compared to treaties, provide the medium through which many of their problems are adjusted, and what is fully as important, teach those who participate in them that it is possible to work out a solution of their problems without recourse to arbitrary force. If these joint conferences accomplished nothing more than the meeting and the exchange of viewpoint, they would be

of much value, because, as modern industry is conducted, it is a physical impossibility for the employer, the president, the general manager, the board of directors, and the stockholders to become personally acquainted with the employees; to know what is passing through their minds, or to understand their problems.

Equally true is the fact that the employees, having lost personal contact with their employer, have little if any understanding of his problems. But where through conferences the representatives of employers and employees gather around the conference table they not only become acquainted with each other, and discover for themselves that human nature, whether at the work bench or in the counting room, is very much the same, but they learn also the important truth that the majority of men desire to deal justly with their fellowmen. The feelings of doubt and even suspicion which existed are gradually eliminated, and in their place a degree of mutual confidence develops.

AN EXAMPLE

These facts are well illustrated by the relationship which has existed between the Stove Founders' National Defence Association and the International Molders' Union for the past thirty-one years. In time passed the stove foundrymen and the molders looked upon each other as natural enemies against whom it was necessary to be on continual guard. For years the industry was in a turmoil because of continual conflict. When trade conditions favored the molders, their demands upon the foundrymen were often as unreasonable as those which the foundrymen made upon their molders when trade was dull, molders were idle, and landlords, butchers and grocers were clamoring for the payment of their

bills. As a result of these conflicts some foundrymen lost a lifetime's business, and the sheriff's flag was hung from the door. Local unions were swept out of existence, and active members of the union blacklisted so effectively that they were compelled to seek employment outside of their trade. As the years passed each side organized and prepared for still more extended conflicts, each governed by the conviction that the only solution to their problem was to "fight it out." At last wiser men assumed the helm, and eventually in 1891 an agreement was entered into between the two associations. Many foundrymen and many molders were unfriendly to the idea, because each side had been taught and trained to view the other as an opponent. As time passed, it was found that through annual conferences and their resulting agreements, mutually advantageous changes could be established. Confidence replaced the suspicion which had previously existed, and finally it was found possible to agree jointly, not only upon the wage rate and the hours of labor, but upon the shop rules and regulations as well.

During the thirty-one years in which these conferences and agreements have existed great changes have taken place in the industry. The machine came in which, to some extent, displaced the highly skilled hand labor previously required. Yet every major as well as every minor problem which has arisen in the industry has been adjusted without the loss of time or the animosity created through strikes or lockouts. What is true of this industry is true of many others. The reason for their success is that employer and employee applied the same methods and principles in the regulation of their relationship that they had previously applied to their civil relationship as citizens.

SELF-DETERMINATION IN INDUSTRY

Governmental assistance may be invaluable at times in helping to solve the human side of industrial problems, but, no matter how well intentioned a government, it cannot do for industry what those in industry can do for themselves. For many years molders endeavored to secure legislation establishing proper sanitary and safety conditions in foundries. Their experience was similar to that of other workmen seeking similar legislation. Some friendly legislator introduced a bill. It was referred to a committee. Committee hearings followed. At one side of the committee room would be a number of prominent foundrymen flanked by their attorneys; on the other, representatives of the union. The committee composed mostly of lawyers and farmers listened more or less disinterestedly to what was being said, and perhaps enjoyed the glances and occasional sarcasm between the opposing parties, but no practical results were achieved. With the creation of industrial commissions in some of the states there came a marked change. The commission would ask the Foundrymen's Association to suggest the names of a number of their most competent representatives. The same procedure was followed with the molders. The commission selected a small committee from each side, and requested them to undertake the formulation of a Foundry Code. They were asked to legislate for themselves, the reason being that they knew more about the foundry industry than outsiders could know. Public hearings would be held in different foundry centers in the state, and as the members of the committee became better acquainted with each other they discovered that both sides were desirous of seeing justice done. Eventually foundry codes were agreed upon and endorsed, after careful examination,

by the State Industrial Commission. These codes then became as much a part of the law of the state as the statutes enacted by the legislature. This method of creating a foundry code has been duplicated in a number of states, not only for the foundry industry, but for a number of other industries as well, thereby proving that the representatives of employers and employees can get together and legislate for themselves more successfully, wisely and justly than can a state legislature.

This fact holds equally true in the adjustment of the relationship which exists between employer and employee. The principle involved is the same as that upon which the institutions of our country have been founded. The methods are very similar; in fact, in the agreement between the Stove Founders' National Defense Association and the International Molders' Union of North America, the legislative, administrative, and judicial features have become well developed.

The psychology is equally sound. If the employer feels that his position is so secure that he can compel his em-

ployees to accept any terms which are satisfactory to him, or if he believes that he can secure legislation which will enable him to carry out his desires, he will not be so open-minded in the recognition of the right of his employees to a voice in the determination of terms of employment and conditions of labor. If the wage-earners, on the other hand, believed that they were so intrenched in their position as to be able to compel employers to grant anything they desired, or that their political power was such that they could secure the enactment of any legislative measure which they favored, it would be a difficult, if not an impossible thing, for private industry to endure.

In either case "fighting it out" would be the only method which would be left to one side or the other, and "fighting it out" would not solve any of the problems. Democracy in the industrial relationship of employer and employee is as essential as democracy in their relationship as citizens. The joint conference is the only method so far evolved which permits this most necessary form of democracy to operate.